

Mercedes-Benz Danmark A/S

CVR no. 14 81 51 98

## Annual report 2023

The annual report was presented and approved at the  
Company's annual general meeting on

on 21 May 2024

Christian Struwe

Chairman

CVR No. 14 81 51 98  
Digevej 114  
DK-2300 Copenhagen

## Contents

Statement by the Executive and Supervisory Boards	2
Independent auditor's report	3
Management's review	5
Company details	5
Financial highlights for the Company	6
Operating review	7
Financial statements for the year ended 31 December	11
Income statement	11
Balance sheet	12
Statement of changes in equity	14
Notes	15

## Statement by the Executive and Supervisory Boards

The Executive and Supervisory Boards have today discussed and approved the annual report of Mercedes-Benz Danmark A/S for the financial year 1 January – 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the result of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 21 May 2024  
Executive Board:

---

Shirin Emeera  
CEO

---

Alexander Vollmer

---

Ute Sauter

Supervisory Board:

---

Christian Struwe  
Chairman

---

Charlotte Fischer

---

David Perdomo Hollatz

## Independent auditor's report

To the shareholders of Mercedes-Benz Danmark A/S

### Opinion

We have audited the financial statements of Mercedes-Benz Danmark A/S for the financial year 1 January – 31 December 2023 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

## Independent auditor's report

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 21 May 2024

KPMG

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

Kenn Wolff Hansen  
State Authorised Public Accountant  
mne30154

## Management's review

### Company details

Mercedes-Benz Danmark A/S  
Digevej 114  
2300 København S  
Denmark

Telephone: +45 33 78 56 56

Fax: +45 33 78 54 65

Home page: [www.mercedes-benz.dk](http://www.mercedes-benz.dk)

Registration no. 14 81 51 98

Established: 1990

Registered office: Copenhagen

Financial year: 1 January – 31 December

### Supervisory Board

Christian Struwe, Chairman

Charlotte Fischer

David Perdomo Hollatz

### Executive Board

Shirin Emeera, CEO

Alexander Vollmer

Ute Sauter

### Auditors

KPMG

Statsautoriseret Revisionspartnerselskab

Dampfærgevej 28

2100 Copenhagen

Denmark

## Management's review

### Financial highlights for the Company

DKK'000	2023	2022	2021	2020	2019
---------	------	------	------	------	------

#### Key figures

Revenue	6,061,253	5,880,069	5,230,303	4,563,139	4,868,921
Gross profit	276,683	460,529	256,151	293,094	432,612
Ordinary operating profit	175,153	362,600	146,925	180,709	303,350
Result from interests income and similar items	42,861	8,878	956	-6,647	1,422,983
Profit for the year	385,357	407,234	86,640	135,069	1,661,204

Fixed assets	784,806	733,467	733,769	776,644	778,821
Current assets	2,208,644	2,422,127	2,155,523	1,818,491	3,273,365
Total assets	2,993,450	3,155,594	2,889,292	2,595,135	4,049,186
Share capital	70,000	70,000	70,000	70,000	70,000
Equity	1,200,514	1,815,157	1,494,562	1,542,991	3,069,126
Provisions	187,552	165,003	110,010	35,977	27,777
Liabilities other than provisions	1,605,384	1,175,434	1,284,720	1,016,167	952,283

Investment in property, plant and equipment	0	0	0	1,092	0
---	---	---	---	-------	---

#### Financial ratios

Gross margin ratio (%)	4,6	7,8	4,9	6,4	8,9
Operating margin ratio (%)	2,9	6,2	2,8	4,0	6,2
Current ratio (%)	137,6	206,1	167,8	179,0	343,7
Solvency ratio (%)	40,1	57,5	51,7	59,5	75,8
Return on equity (%)	25,6	24,6	5,7	5,9	70,3

Average number of full-time employees	39	44	51	50	49
---------------------------------------	----	----	----	----	----

The financial ratios have been calculated as follows:

Gross margin ratio	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Operating margin ratio	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Short-term debt}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit after tax} \times 100}{\text{Average equity}}$

## Management's review

### Operating review

#### Principal activities

Mercedes-Benz Danmark A/S is a 100% owned subsidiary of Mercedes-Benz Group AG.

Mercedes-Benz Danmark A/S is an import and wholesale company of passenger cars, vans and spare parts in Denmark. The subsidiaries are retailing and supporting services of cars and vans. All activities take place under the trademarks Mercedes-Benz, Mercedes-Maybach, Mercedes-EQ and Mercedes-AMG.

#### Development in activities and financial matters

The 2023 income statement for Mercedes-Benz Danmark A/S shows a profit after taxes of 385,357 thousand DKK against 407,234 thousand DKK in 2022.

The balance sheet on 31 December 2023, showed an equity of 1,200,514 thousand DKK against 1,815,157 thousand DKK on 31 December 2022.

In October 2022, a decision was taken by the local Board of Management to divest the subsidiary Mercedes-Benz CPH A/S to an external investor. This is in full alignment with the strategy of Mercedes-Benz Group AG, where own dealerships gradually are being sold and transferred to external investors. In January 2024, it was communicated that the Dutch company Van Mossel Automotive International B.V. will buy Mercedes-Benz CPH A/S. The divestment of Mercedes-Benz CPH A/S is expected to be finalized during first half year 2024.

The management considers the Company's financial performance in the year for satisfactory.

#### Outlook

The year 2023, was impacted by continued uncertainties in the market with a high inflation and rising interest rates. This contributed to a decline in the number of delivered passenger cars compared to 2022. On the other hand, the number of sold and delivered vans exceeded previous years levels and reached an all-time high in 2023. Furthermore, improved net prices, and a more favourable product mix with a higher share of electric vehicles further contributed to the increase in overall revenues in 2023 compared to 2022.

The outlook for 2024 is still somewhat uncertain. The Company is following the development in the market related to inflation and interest rates. Mercedes-Benz Danmark A/S expects an increase in revenues of appr. 8% and a profit before tax in a range of DKK 270-300 million.



## Management's review

### Operating review

#### Risks

##### Credit risks

The Company's customers mainly consist of the Danish Mercedes-Benz dealers, where there is no credit risk outside normal course of business.

##### Financial risks

The Company is not exposed to any significant financial risks. Mercedes-Benz Group AG is involved in proactive work to ensure economic development in the Group.

#### Intellectual capital

The Company focuses on developing the employees to ensure that the skills and know-how within the Company meet the market's requirements. On a regular basis, trainings are offered either at the internal Mercedes-Benz Global Training center in Malmö, as digital online trainings, or physical trainings off-site. The Company retains its employees by offering development opportunities and a good work environment that attracts people in a market with high competition.

#### Corporate responsibility

As a wholly-owned subsidiary of Mercedes-Benz Group AG, the Company is included in Group's Sustainability Report for 2023, which covers areas such as climate and environment, social and employee conditions, human rights and business ethics. Therefore, the Company does not present it in the Annual Report, cf. the Danish Financial Statements Act section 99a(6). The 2023 Sustainability Report of Mercedes-Benz Group AG can be found on the link: <https://group.mercedes-benz.com/sustainability>

## Management's review

### Operating review

#### Diversity policy

The Company applies equal opportunity treatment, according to the equal opportunities policy of the parent company Mercedes-Benz Group AG, which aims to provide both gender - when possible - to be represented in all departments, committees, groups and management.

There is one female member of the Company's supervisory board per 31 December 2023. The supervisory board consists of three members, which means that there is a gender balance.

Mercedes-Benz Group's global goal is that the management level should be represented by at least 20% females. As of 31 December 2023, 17 % (31 December 2022: 17%) of the executive and functional managers in Mercedes-Benz Danmark A/S were women. In alignment with the Danish Financial Statements Act 99b, the Company is determined to contribute to the society by further increasing the rate of female managers by providing opportunities and individual development plans. In the internal guideline on diversity, it is stated that all employees must feel job satisfaction, commitment and security and have the same rights, obligations and opportunities regardless of gender, gender identity or gender expression, age, sexual orientation, disability, ethnicity, religion or other belief. The work on gender equality and diversity is conducted in a determined way, in collaboration with employees and trade unions. All employees, regardless of position, have a great opportunity to accept each others differences and to respect the dignity to which everyone is entitled in their workplace. The target is that the share of females in management positions in the Company should increase to 33% by 2026 (2 positions out of 6).

	2023
Supreme Governing Body	
Total number of members	3
Underrepresented gender in %	33 %
Other management levels	
Total number of members	6
Underrepresented gender in %	17%
Target number in %	33%
Year of fulfilment of target number	2026

#### Data compliance

As a wholly-owned subsidiary of Mercedes-Benz Group AG, the Company is included in Group's Sustainability Report for 2023, which covers areas such as climate and environment, social and employee conditions, human rights and business ethics. Therefore, the Company does not present it in the Annual Report, cf. the Danish Financial Statements Act section 99d(6). The 2023 Sustainability Report of Mercedes-Benz Group AG can be found on the link: <https://group.mercedes-benz.com/sustainability/data/>

## Management's review

### Operating review

#### Environment and working environment policies

##### Environment

The Company's own operations as a distributor in Denmark is not considered to have a significant impact on the environment. However, measures are taken wherever possible within the daily operations to reduce any environmental impact.

Furthermore, Mercedes-Benz Group AG is continuously working on limiting the environmental impact in development and production.

##### Working environment

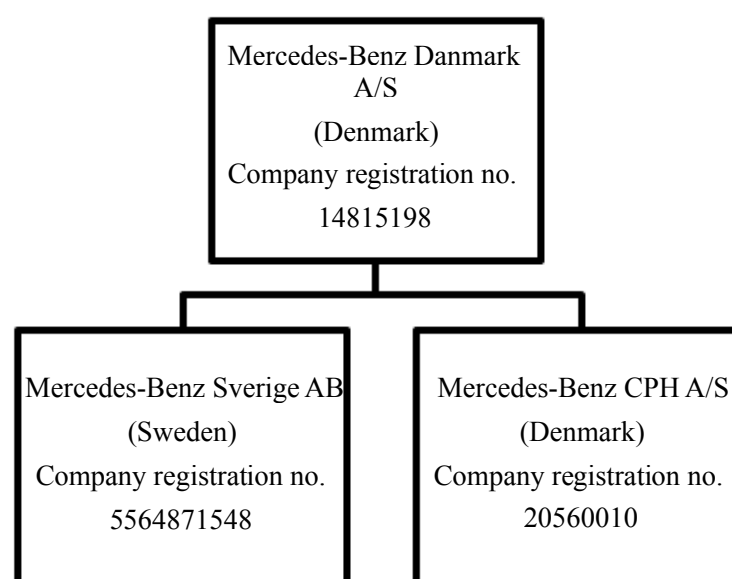
The Company works actively and systematically on the working environmental effects of the daily operations with due consideration to the Company's purpose, activities and available resources.

The individual employee plays an important part in minimising the total environmental effects of the Company's operations.

Committed employees is a cornerstone to success. The commitment of the employees are measured regularly to create the foundation for a good working environment with highly motivated employees.

Moreover, the Group is responsible for its own environmental effects, focusing on reducing the environmental impact of the products. A comprehensive program of sustainable development is a key success factor in the Mercedes-Benz Group.

#### Group chart



Mercedes-Benz Danmark A/S is owned by Mercedes-Benz Group AG. Both subsidiaries Mercedes-Benz Sverige AB and Mercedes-Benz CPH A/S are wholly-owned subsidiaries of Mercedes-Benz Danmark A/S. The companies included in the group chart are consolidated into the Group Financial Statements of Mercedes-Benz Group AG.

## Financial statements for the year ended 31 December

### Income statement

DKK'000	Note	2023	2022
Revenue	1	6,061,253	5,880,069
Direct costs	2, 9	-5,784,570	-5,419,540
Gross profit		276,683	460,529
Distribution costs	2, 9	-54,590	-60,320
Administrative expenses	2, 9	-46,940	-37,609
Ordinary operating profit		175,153	362,600
Other operating income		2,026	0
Other operating cost		0	-5,629
Operating profit		177,179	356,971
Income from investments in group entities	3	227,324	107,670
Interest income and similar items	4	44,742	13,913
Interest expense and similar items	5	-1,881	-5,035
Profit before tax		447,364	473,519
Tax on profit for the year	6	-62,007	-112,960
Profit after tax for the continued operations		385,357	360,559
Profit after tax for disinvested operations	7	0	46,675
Profit after tax for the year	8	385,357	407,234

## Financial statements for the year ended 31 December

### Balance sheet

DKK'000	Note	2023	2022
<b>ASSETS</b>			
Fixed assets			
Property, plant and equipment	9		
Fixtures and fittings, tools and equipment		262	496
		<u>262</u>	<u>496</u>
Investments			
Investments in subsidiaries	10	784,544	732,971
		<u>784,544</u>	<u>732,971</u>
Total fixed assets		<u>784,806</u>	<u>733,467</u>
Current assets			
Inventories			
Finished goods and goods for resale		195,721	106,977
		<u>195,721</u>	<u>106,977</u>
Receivables			
Trade receivables		55,016	79,044
Receivables from group enterprises		1,828,398	2,152,755
Other receivables		42,765	57,738
Deferred tax asset	11	8,883	4,400
Prepayments	12	14,551	15,963
		<u>1,949,613</u>	<u>2,309,900</u>
Cash at bank and in hand		63,310	5,250
		<u>63,310</u>	<u>5,250</u>
Total current assets		<u>2,208,644</u>	<u>2,422,127</u>
<b>TOTAL ASSETS</b>		<u>2,993,450</u>	<u>3,155,594</u>

## Financial statements for the year ended 31 December

### Balance sheet

DKK'000	Note	2023	2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	70,000	70,000
Retained earnings		745,157	745,157
Dividend proposed		385,357	1,000,000
<b>Total equity</b>		<u>1,200,514</u>	<u>1,815,157</u>
<b>Provisions</b>			
Other provisions	14	187,552	165,003
<b>Total provisions</b>		<u>187,552</u>	<u>165,003</u>
<b>Liabilities other than provisions</b>			
<b>Short-term liabilities other than provisions</b>			
Trade payables		17,348	27,220
Payables to group enterprises		663,992	426,755
Corporation tax		66,156	106,872
Deferred income		94,218	94,977
Other payables		763,670	519,610
		<u>1,605,384</u>	<u>1,175,434</u>
<b>Total liabilities other than provisions</b>		<u>1,605,384</u>	<u>1,175,434</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>2,993,450</u>	<u>3,155,594</u>
Contingent liabilities and securities	15		
Related parties	16		
Events after the balance sheet date	17		
Accounting policies	18		

## Financial statements for the year ended 31 December

### Statement of changes in equity

DKK'000	Share capital	Retained earnings	Dividend proposed	Total
Equity at 1 January 2022	70,000	1,337,922	86,640	1,494,562
Dividend paid	0	0	-86,640	-86,640
Profit for the year	0	-592,765	1,000,000	407,235
Equity at 1 January 2023	70,000	745,157	1,000,000	1,815,157
Dividend paid	0	0	-1,000,000	-1,000,000
Profit for the year	0	0	385,357	385,357
Equity at 31 December 2023	70,000	745,157	385,357	1,200,514

## Financial statements for the year ended 31 December

### Notes

1 Revenue

The specification of revenue on activities and geographical markets has been left out for competitive reasons pursuant to section 96 (1) of the Danish Financial Statement Act.

2 Staff costs

DKK'000	2023	2022
Wages and salaries	28,961	32,644
Pensions	2,496	2,772
Other social security costs	0	0
	<u>31,458</u>	<u>35,416</u>
Staff cost are recognised as follows in the financial statements:		
Cost of goods sold	13,369	15,052
Distribution cost	10,350	11,652
Administrative expenses	7,739	8,712
	<u>31,458</u>	<u>35,416</u>
Average number of employees	<u>39</u>	<u>44</u>

Remuneration to the Executive Board is invoiced to Mercedes-Benz Danmark A/S, based on estimated time spent for the Company, as management fee and amounts to DKK 4,263 thousand (2022: DKK 3,452 thousand) which is included in administrative costs.

#### Incentive and bonus schemes

The Company has set up an incentive scheme applying to the Executive Board and management employees with the option to subscribe for new shares. Per 31 December 2023, divisional Managing Directors, CFO and CEO, are included in incentive scheme with the term of stock program over three years.

A bonus scheme for the Executive Management is established. The bonus scheme is based on global company performance.



## Financial statements for the year ended 31 December

### Notes

#### 3 Income from investments in group entities

DKK'000	2023	2022
Dividend	175,751	107,670
Reversals of impairment and write-down in subsidiary	51,573	-
	<u>227,324</u>	<u>107,670</u>

#### 4 Interest income and similar items

Interest income from group entities	33,569	2,088
Other interest income and similar items	1,298	-
Foreign exchange gains	9,875	11,825
	<u>44,742</u>	<u>13,913</u>

#### 5 Interest expense and similar items

Interest expense to group enterprises	1,881	4,458
Other interest expense and similar items	-	577
	<u>1,881</u>	<u>5,035</u>

#### 6 Tax on profit for the year

Current tax for the year	66,156	93,500
Adjustment of deferred tax	-4,483	2,061
Adjustment of tax regarding previous years	334	17,399
	<u>62,007</u>	<u>112,960</u>

#### 7 Profit/loss from disinvested operations in principal items

There was no disinvested operations in 2023.

In 2022 the Company entered into an agreement on the sale of the Trucks operations. Profit/loss after taxes of the Trucks operations is recognised as a separate line item in the income statement for the year 2022.

DKK'000	2023	2022
Revenue	-	489,202
Direct costs	-	-484,215
Other income	-	54,853
Profit before tax from discontinued operations	-	59,840
Tax on profit from discontinued operations	-	-13,165
Profit for the year from discontinued operations	<u>-</u>	<u>46,675</u>

## Financial statements for the year ended 31 December

### Notes

#### 8 Proposed profit appropriation

DKK'000	2023	2022
Dividend proposed	385,357	1,000,000
Retained earnings	0	-592,765
	<u>385,357</u>	<u>407,235</u>

#### 9 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment and IT
Cost at 1 January 2023	2,195
Cost at 31 December 2023	2,195
Depreciation at 1 January 2023	-1,699
Depreciation for the year	-235
Depreciation at 31 December 2023	-1,934
Carrying amount at 31 December 2023	262
Depreciated over (years)	3-5

Total depreciation on property, plant and equipment are included in the following items in the income statements:

DKK'000	2023	2022
Direct costs	8	10
Distribution costs	10	13
Administration expenses	216	279
	<u>235</u>	<u>302</u>

## Financial statements for the year ended 31 December

### Notes

#### 10 Investments in subsidiaries

DKK'000	2023	2022
Cost at 1 January	784,544	784,544
Additions	0	0
Cost at 31 December	784,544	784,544
Impairment loss at 31. December	-51,573	-51,573
Reversal of impairment loss	51,573	0
Impairment loss at 31. December	0	-51,573
Carrying amount at 31 December	784,544	732,971

Name	Registered office	Ownership share	Equity	Profit/loss for the year
Mercedes-Benz CPH A/S	Hørsholm	100%	73.606	-199
Mercedes Benz Sverige AB	Malmö	100%	886,596	158,439

In January 2024, it was announced that the Dutch company Van Mossel Automotive International B.V. will acquire the shares in Mercedes-Benz CPH A/S. Reversals of previous years' write-downs in Mercedes-Benz CPH A/S has been made in 2023, since the the selling price of the shares is expected to exceed the cost price.

There are no impairment indications identified for Mercedes-Benz Sverige AB.

#### 11 Deferred tax asset

DKK'000	2023	2022
Deferred tax at 1 January	4,400	23,860
Deferred tax adjustment for the year in the income statement	4,483	-2,061
Deferred tax adjustment prior year	0	-17,399
	8,883	4,400

Deferred tax asset relates to:

Fixtures and fittings, tools and equipment	81	69
Trade receivables	1	2
Provisions	4,027	1,416
Other payables	4,773	2,913
	8,883	4,400

## Financial statements for the year ended 31 December

### Notes

#### 12 Prepayments

Prepayments consist of prepaid rent, insurance, etc.

#### 13 Share capital

DKK'000	2023	2022
The share capital consists of:		
1 share of DKK 300 thousand	300	300
1 share of DKK 69,700 thousand	69,700	69,700
	<u>70,000</u>	<u>70,000</u>

No changes have occurred in share capital for the past 5 years.

#### 14 Other provisions

Other provisions comprise anticipated costs of buy-back and service contract commitments. Based on previous experience, provisions have been recognised for the expected buy-back and service contract commitments. The provisions has affected the result in 2023 with a cost of DKK 18.6 million (2022: DKK -7.6 million)

Further, there is also a provision for an inquiry made by the Danish Motor Vehicle Agency. The provision is an expression of the best estimate of Management, but by nature it is associated with some degree of uncertainty. The provision has affected the result in 2023 with a cost of DKK 3.3 million (2022: DKK 57.8 million).

	2023	2022
Other provisions 1 January	165,003	110,010
Additions	23,091	65,172
Reversals	-542	-10,179
Other provisions 31 December	<u>187,552</u>	<u>165,003</u>

#### 15 Contingent liabilities and securities

The Company is jointly liable with the other jointly taxed Danish companies for the tax on the joint taxation income until and including the income year 2023.

On behalf of the distributors the Company has provided securities towards the Danish group company Mercedes-Benz Finans Danmark A/S.

As part of a stock-finance agreement, the Company transferred receivables in respect of sale of vehicles to dealers to the group company, Mercedes-Benz Finans Danmark A/S. The Company is partly liable for any loss on the transferred receivables. Financing is secured on the vehicles.

## Financial statements for the year ended 31 December

### Notes

#### 15 Contingent liabilities and securities (continued)

##### Operational leasing

The Company has signed an operational leasing contract with an average yearly leasing cost at DKK 2,015 thousand (2022: DKK 2,943 thousand). The leasing contract has a duration of 84 months with a total value of DKK 14,107 thousand (2022: 24 months with a total value of DKK 5,887 thousand).

#### 16 Related parties

Mercedes-Benz Danmark A/S related parties comprise the following:

- Own subsidiaries, see group chart on page 10
- Other companies in Mercedes-Benz Group AG, with headquarters in Stuttgart, Germany.

##### Parties exercising control

Mercedes-Benz Group AG, Stuttgart, owns the entire share capital of the Company.

The consolidated financial statements of Mercedes-Benz Group AG can be obtained at the website [www.group.mercedes-benz.com](http://www.group.mercedes-benz.com).

##### Other related parties

Related parties exercising significant influence comprise the Company's Executive and Supervisory Boards, executive employees and their family members. Further, related parties comprise companies in which the above persons have substantial interests.

##### Related party transactions

DKK'000	2023	2022
Sale of goods to group enterprises	1,257,913	1,546,237
Purchase of goods from group enterprises	-5,114,268	-5,281,237
	<u>-3,856,355</u>	<u>-3,735,000</u>

Payables to group companies and amounts owed by group entities are disclosed in the balance sheet, and interest income from and interest expenses to group companies is disclosed in note 4 and note 5. Further income from investments in group entities is disclosed in note 3.

#### 17 Events after the balance sheet date

There are no significant events after the balance sheet date.

## Financial statements for the year ended 31 December

### Notes

#### 18 Accounting policies

The annual report of Mercedes-Benz Danmark A/S for 2023 has been prepared in accordance with the provisions applying to large class C entities under the Danish Financial Statements Act.

The accounting policies applied are unchanged from last year.

##### Omission of cash flow statements

Pursuant to section 86 (4) of the Danish Financial Statements Act, a cash flow statement has not been prepared as the Company's cash flows are included in the cash flow statement of Mercedes-Benz Group AG, Stuttgart, Germany.

##### Omission of consolidated financial statements

Pursuant to section 112 of the Danish Financial Statements Act, consolidated financial statements have not been prepared for Mercedes-Benz Danmark A/S, as the figures are included in the consolidated financial statements of Mercedes-Benz Group AG, Stuttgart, Germany.

##### Omission to disclose fees for auditor elected

Pursuant to section 96(3) of the Danish Financial Statements Act, fees for auditor elected by the general assembly are not published as these are included in the consolidated financial statements of Mercedes-Benz Group AG, Stuttgart, Germany.

##### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as interest income or expense and similar items.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as interest income or expense and similar items.

##### Discontinued operations

Discontinued operations constitute a significant part of the Company if activities and cash flows can be separated from the Company's other activities and if, according to an overall plan, they are to be sold, discontinued or abandoned.

Profit/loss after tax on discontinued operations and assets and related liabilities for discontinued operations are recognised as a separate line item without restatement of comparative figures. Principal items are specified in the notes.

## Financial statements for the year ended 31 December

### Notes

#### 18 Accounting policies (continued)

#### Income statement

##### Revenue

Income from the sale of goods and finished goods, comprising the sale of cars, vans, trucks and spareparts, is recognised as revenue when delivery and transfer of the risk to the buyer have taken place, and the income may be reliably measured and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms 2010.

Revenue from the sale of goods where delivery has been postponed upon the buyer's request is recognised as revenue when ownership of the goods has been transferred to the buyer.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discount granted are deducted from revenue.

Revenue from sale of services, comprising service on cars, is recognised in the income statement as the services are provided.

##### Cost of goods sold

Production costs comprise costs, including depreciation and amortisation and salaries, incurred generating the revenue for the year.

##### Distribution costs

Costs incurred in distributing goods contain sales campaigns. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognised as distribution costs.

##### Administrative expenses

Administrative expenses comprise expenses incurred during the year for Company management and administration, including expenses for administrative staff, office premises, office expenses, and depreciation.

##### Other operating expenses/income

Other operating expenses/income comprise items secondary to the principal activities of the company, including gains and losses on disposal of property, plant and equipment.

## Financial statements for the year ended 31 December

### Notes

#### 18 Accounting policies (continued)

##### Income from equity investments in group entities

Income from equity investments in group entities comprises dividend and realised capital gains and losses from equity investments recognised as investments in the balance sheet.

Dividends from equity investments in group entities measured at cost are recognised as income in the Company's income statement in the financial year when the dividends are declared.

In case of indication of impairment, an impairment test is conducted. Indication of impairment exists if the carrying amount of equity investments exceeds the carrying amounts of the net assets in the subsidiary. Previously recognised write-downs are reversed when the reasons for the write-down no longer exists. Reversed write-downs are recognised in the income statement.

##### Interest income and expense and similar items

Interest income and expenses comprise interest income and expense, gains and losses on transactions de-nominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

##### Tax on profit/loss for the year

The Company is comprised by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when the ultimate parent company has control of the subsidiaries up to the date when they are excluded from the control.

The Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

Upon payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable income.

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.



## Financial statements for the year ended 31 December

### Notes

#### 18 Accounting policies (continued)

##### Balance sheet

###### Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
--	-----------

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

###### Investments

Equity investments in subsidiaries are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

###### Impairment of fixed assets

The carrying amount of property, plant and equipment as well as equity investments in group entities is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists.

## Financial statements for the year ended 31 December

### Notes

#### 18 Accounting policies (continued)

##### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

##### Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses.

##### Cash

Cash consist of Cash in banks. The company's cash pooling agreement is recognised as receivables from group enterprises or amounts owed to group enterprises as the overall financial commitment with bank rests with Mercedes-Benz Group AG.

##### Prepayments

Prepayments comprise prepayments of cost incurred relating to subsequent financial years.

##### Equity - dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

##### Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

## Financial statements for the year ended 31 December

### Notes

#### 18 Accounting policies (continued)

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

#### Provisions

Provisions comprise anticipated costs related to settlement of buy-back provisions or potential risks. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources to settle the obligation.

#### Payables to group entities

Payables to group entities include the Company's share of the group cash-pool agreements.

#### Liabilities other than provisions

Liabilities other than provisions are measured at amortised cost, which usually corresponds to nominal value.